

## Message Text

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ACTION STR-04

INFO OCT-01 AF-08 ARA-06 EA-07 EUR-12 NEA-10 IO-13 ISO-00

STRE-00 FEA-01 AGR-05 CEA-01 CIAE-00 COME-00 DODE-00

EB-07 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00

NSC-05 PA-01 AID-05 CIEP-01 SS-15 ITC-01 TRSE-00

USIA-06 PRS-01 SP-02 OMB-01 OIC-02 /139 W

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R 231711Z SEP 76

FM USDEL MTN GENEVA

TO SECSTATE WASHDC 1896

INFO USMISSION EC BRUSSELS

AMEMBASSY PARIS

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ACTION STR

E.O. 11652: N/A

TAGS: ETRD MTN

SUBJ: AGRICULTURE

REF: (A) MTN GENEVA 7303, (B) MTN GENEVA 4730

1. SUMMARY. LUYTEN MET PRIVATELY WITH ME SEP 22 ON AGRICULTURAL PROCEDURAL ISSUES. RESULTS WERE BOTH NEGATIVE AND BAFFLING: NEGATIVE IN THE SENSE THAT THE FORMULATIONS HE OFFERED WOULD HEIGHTEN RATHER THAN DIMINISH OR PAPER-OVER THE US-EC PROCEDURAL DISPUTE AND WERE CONSEQUENTLY UNACCEPTABLE; BAFFLING IN THE SENSE THAT HE CERTAINLY KNEW THE PROPOSALS WERE UNACCEPTABLE, DID NOT AGGRESSIVELY TRY TO SELL THEM, AND DID NOT INDICATE ANY NEED FOR AN EARLY MEETING, YET HE STILL OFFERED THE PROPOSALS. TO WHAT END? THE ONLY RATIONALE I CAN DIVINE IS THAT HE IS REFLECTING THE VIEW THAT THE

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U.S. HAS MOUNTED AN OFFENSIVE AGAINST THE EC ON AGRI-

CULTURAL ISSUES AND THAT THE EC, TO DEFEND ITSELF, MUST REAFFIRM IN A MULTILATERAL FORUM ITS HARDLINE POSITION ON THE EXCLUSIVE JURISDICTION OF GROUP AGRICULTURE ON OVER AGRICULTURAL MATTERS. IT WAS A MOST DISCONCERTING MEETING AND ONE VERY DIFFICULT TO COMMUNICATE IN ANY INTELLIGIBLE WAY, BUT I WILL ATTEMPT TO DO SO IN REMAINDER OF THIS MESSAGE. I BELIEVE WE SHOULD JUST SIT TIGHT FOR TIME BEING AND TAKE NO INITIATIVE TO TRY TO RESOLVE THESE ISSUES. END SUMMARY.

2. AT LUYTEN'S REQUEST, FOLLOW-UP MEETING BETWEEN US IN PATTERSON'S OFFICE WAS CANCELLED AND, INSTEAD, LUYTEN CALLED ON ME SEP 22 FOR A FURTHER PRIVATE EXPLORATION OF THE OUTSTANDING AGRICULTURAL PROCEDURAL ISSUES. ABBOTT AND CULBERT ALSO WERE PRESENT.

3. WE BEGAN WITH QUESTION OF GROUP AGRICULTURE REVIEW OF DRAFT STANDARDS CODE. THIS ONE WENT REASONABLY WELL AND, IF IT WERE THE ONLY PROBLEM, WE NO DOUBT COULD HAVE REACHED SOME UNDERSTANDING. LUYTEN HAD NO PRECISE FORMULATION FOR TERMS OF REFERENCE BUT OUR DISCUSSION BACK AND FORTH DID NOT UNCOVER ANYTHING NEW OR INSURMOUNTABLE. LUYTEN DID CAUTION THAT HE DID NOT KNOW WHAT GENERAL POLICY LINE THE EC REP (WHO WOULD COME FROM DG-6) WOULD TAKE ON THE ULTIMATE QUESTION OF WHETHER THE DRAFT STANDARDS CODE WOULD APPLY TO AGRICULTURE; HOWEVER, EC HAS CAREFULLY PRESERVED ITS OPTIONS ON THIS ISSUE DURING THE LAST YEAR AND NOW IS HARDLY THE TIME I WOULD EXPECT THEM TO RESOLVE IT IN OUR FAVOR. IN RESPONSE TO MY QUERY AS TO WHETHER THE EC WAS INTERESTED IN A MEETING OF GROUP AGRICULTURE JUST TO INITIATE PROCEDURAL HANDLING OF STANDARDS, LUYTEN SAID ABSOLUTELY NO, ALL OUTSTANDING AGRICULTURAL PROCEDURAL ISSUES HAD TO BE HANDLED SIMULTANEOUSLY. ON THIS NOTE WE DROPPED THE QUESTION OF STANDARDS AND WENT ON TO OTHER ITEMS.

4. TARIFF RATE INFORMATION FILE (TRIF): IN SHARP CONTRAST TO OUR EARLIER UNDERSTANDING (REF B) THAT EC SIMPLY WANTED TO HAVE GROUP AGRICULTURE "TAKE NOTE" OF THE FACT THAT THE TRIP COVERS AGRICULTURAL AS WELL AS LIMITED OFFICIAL USE

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INDUSTRIAL PRODUCTS, LUYTEN TODAY MADE CLEAR THAT GROUP AGRICULTURE MUST ITSELF TAKE A "DECISION" TO UPDATE THE TRIF FILE WITH RESPECT TO AGRICULTURE AND THAT HE WAS "UNABLE TO SELL" ANYTHING LESS. HE STATED THE U.S. WOULD BE PERFECTLY ENTITLED, IF IT FELT IT HAD TO DO SO, TO SAY IN GROUP AGRICULTURE THAT U.S. DOES NOT RECOGNIZE THE RIGHT OF GROUP AGRICULTURE TO DECIDE THIS QUESTION SINCE MATTER IS WITHIN COMPETENCE OF NTM PARENT GROUP

AND EC, FOR ITS PART, WOULD RESPOND THAT IT DID NOT AGREE WITH U.S. POSITION SINCE GROUP AGRICULTURE DECISION CLEARLY WAS REQUIRED. WHEN I ASKED HOW THIS WOULD HELP MATTERS, LUYTEN SAID WE COULD THEN HAVE THE SAME SCENARIO ("EACH OF US COULD PLAY OUR RESPECTIVE SYMPHONIES") IN THE NTM PARENT GROUP SO THAT WITH A PROCEDURAL STANDOFF BETWEEN U.S. AND EC IN BOTH THE NTM PARENT GROUP AS WELL AS GROUP AGRICULTURE, BOTH OF US WOULD HAVE PROTECTED OUR RESPECTIVE POSITIONS AND WORK COULD PROCEED. THIS EXPLANATION WAS ACCOMPANIED BY MUCH WAVING OF THE HANDS AND SHRUGGING OF THE SHOULDERS. I TOLD LUYTEN I SAW NO MERIT WHATSOEVER IN WHAT HE WAS SUGGESTING AND IT CLEARLY BORE NO RELATIONSHIP TO MY EARLIER UNDERSTANDING THAT THE EC SOUGHT A MEETING OF GROUP AGRICULTURE SIMPLY TO "TAKE NOTE" OF THE VARIOUS THINGS UNDER WAY ELSEWHERE AND THUS TRY TO PAPER OVER OUR DIFFERENCES BUT ALLOW THE WORK TO GO ON. THE SUGGESTION OUTLINED ABOVE, HOWEVER, SEEMED TO BE AN UNAMBIGUOUS DEMAND FOR EXCLUSIVE JURISDICTION BY GROUP AGRICULTURE, WHICH HE KNEW THE U.S. COULD NOT ACCEPT. WE WOULD NATURALLY HAVE TO RESPOND AND OUR DIFFERENCES WOULD BE SHARPENED RATHER THAN PAPERED-OVER (WITH UNPREDICTABLE CONSEQUENCES FOR THE MTN AND FOR THE WORK PROGRAM IN BOTH THE NTM PARENT GROUP AND GROUP AGRICULTURE). I THEREFORE SUGGESTED THAT THIS APPROACH WAS WORTHLESS AND, IN POLITICAL TERMS, UNACCEPTABLE.

5. THE MEXICAN PROPOSAL TO UPDATE GATT INVENTORY (MTN/NTM/W/29) ALLEGEDLY POSES PROBLEMS FOR EC BECAUSE THE GATT INVENTORY PREDATES LAUNCHING OF MTN AND CONSISTS OF AGRICULTURAL NOTIFICATIONS COMPILED UNDER AUSPICES OF GROUP AGRICULTURE'S PREDECESSOR GROUP 3-E AND INDUSTRIAL NOTIFICATIONS UNDER NTM PARENT GROUP LIMITED OFFICIAL USE

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PREDECESSOR GROUP 3-B; THERE IS ALSO A COMBINED INDUSTRY/AGRICULTURE QR INVENTORY INITIATED MANY YEARS AGO FOR A SPECIAL GATT JOINT WORKING PARTY. EC SAID THEY CONSIDER LATTER DOCUMENT "WORTHLESS" BECAUSE OF INACCURACIES AND OBSCURITY. HOWEVER, EC POSITION IS THAT ONLY GROUP AGRICULTURE IS COMPETENT TO AUTHORIZE UPDATING INVENTORY OF AGRICULTURAL RESTRICTIONS. I PROFESSED I COULD NOT FOLLOW DISCUSSION OF VARIOUS CATALOGS AND SUGGESTED WE JOINTLY APPROACH SECRETARIAT TO SEE IF UPDATE COULDN'T BE ACHIEVED IN SOME WAY OUTSIDE THE NEGOTIATING GROUPS SO AS TO AVOID THE ISSUE. LUYTEN AGREED THAT THIS WAS A GOOD IDEA.

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R 231711Z SEP 76

FM USDEL MTN GENEVA

TO SECSTATE WASHDC 1897

INFO USMISSION EC BRUSSELS

AMEMBASSY PARIS

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ACTION STR

E.O. 11652: N/A

TAGS: ETRD MTN

SUBJ: AGRICULTURE

6. WE THEN TURNED TO NON-TARIFF MEASURES NOT DEALT WITH MULTILATERALLY (NTMNDWM). LUYTEN SAID THAT SO FAR AS EC IS CONCERNED, THERE WAS NO AGRICULTURAL CONTENT TO THE PROPOSAL WHICH THE COMMUNITY HAD BEEN COMPELLED TO BLOCK IN THE NTM PARENT GROUP, BUT THE EC NEVERTHELESS FELT GROUP AGRICULTURE SHOULD "TAKE A DECISION" THAT SO FAR AS AGRICULTURAL NTMNDWM ARE CONCERNED THE "OTHER PRODUCTS" PROCEDURES ADOPTED BY GROUP AGRICULTURE LAST DECEMBER FULLY COVER THE SITUATION. I OBSERVED THAT SINCE LUYTEN HIMSELF ACKNOWLEDGED THE PROPOSAL HAS NO AGRICULTURAL CONTENT, THERE WAS NO NEED FOR GROUP AGRICULTURE TO ENTERTAIN THE QUESTION AT ALL. HE REPLIED THAT THE NTM PARENT GROUP COULD THEREAFTER TAKE NOTE

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THAT GROUP AGRICULTURE HAD ACTED AND ACCORDINGLY THE NTM PARENT GROUP COULD PROCEED TO ADOPT THE PROCEDURE FOR INDUSTRIAL NTMNDWM. I TOLD LUYTEN THAT THIS, OF COURSE, WAS WHOLLY UNACCEPTABLE TO US. HE ACKNOWLEDGED THE PROBLEM AND, AGAIN WITH MUCH SHRUGGING AND SIGHING, ADVOCATED HAVING EACH OF US STATE OUR POSITION.

7. FINALLY, WE TURNED BRIEFLY TO THE QUESTION OF REPORTING PROCEDURES ON BILATERAL CONSULTATIONS UNDER THE "OTHER PRODUCTS" PROCEDURE. IT WILL COME AS NO SURPRISE THAT THIS DID NOT GET ANYWHERE EITHER. LUYTEN TOOK THE LINE THAT QR SUB-GROUP HAS NOT DEFINITELY DECIDED THAT REPORTS MUST BE IN WRITING BUT ONLY THAT COUNTRIES SHOULD "ENDEAVOR" TO SUBMIT THEM IN WRITING, ERGO THERE SHOULD BE SOME FLEXIBILITY AS TO WHETHER REPORTS COULD BE EITHER IN WRITING OR ORAL. SECONDLY, HE WANTED TO HAVE LANGUAGE TO TIE DOWN THAT GROUP AGRICULTURE IS "SEIZED" WITH THE PROBLEM UNDER RECEIPT OF REPORTS ON BILATERAL CONSULTATIONS. MOREOVER, HE INSISTED THAT GROUP AGRICULTURE HAD TO ADOPT THESE PROCEDURES AND IT WAS INAPPROPRIATE FOR THE U.S. AND EC TO WORK THEM OUT AND SIMPLY HAVE THE GATT SECRETARIAT ANNOUNCE THAT SUCH PROCEDURES WERE IN FORCE. I SAID ALL OF THESE IDEAS GAVE ME SERIOUS DIFFICULTY.

8. LUYTEN SHOWED NO DISPOSITION TO TRY TO RESOLVE ANY OF THE NUMEROUS DIFFICULTIES TOUCHED ON ABOVE. INDEED, WHEN ON SOME OF THE RELATIVELY LESS CONTENTIOUS ONES I INDICATED A WILLINGNESS TO EXPLORE WITH HIM WORDING TO TRY TO PAPER OVER OUR DIFFERENCES SOMEHOW OR OTHER, LUYTEN QUICKLY DECLINED AND SAID HE ONLY WANTED TO DISCUSS THESE ISSUES AND BOTH OF US NEEDED TO THINK THESE THINGS THROUGH. I ALSO FOUND IT INTERESTING, AND POSSIBLY SIGNIFICANT, THAT AT NO POINT IN THIS CONVERSATION DID HE MENTION A DATE WHEN GROUP AGRICULTURE SHOULD MEET. MOREOVER, WHEN I OBSERVED THAT I WOULD BE OUT OF TOWN FOR TEN DAYS STARTING THIS WEEKEND AND ACCORDINGLY SUGGESTED WE MEET AGAIN BEFORE C.O.B. FRIDAY TO SEE IF WE COULD COME TO ANY UNDERSTANDING, LUYTEN DID NOT PICK UP THE OFFER.

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9. ALL IN ALL, THIS WAS A MOST CONFUSING CONVERSATION. IN RESPONSE TO MY PROBING WHY HE WAS SO DETERMINED TO HAVE ALL OF THESE PROCEDURAL SQUABBLES AIRED IN PUBLIC AND WITH SUCH POOR PROSPECTS OF REACHING AN AMICABLE

SOLUTION IN A LARGE MULTILATERAL MEETING, LUYTEN IMPLIED IT WAS A RESPONSE TO WHAT THE EC INTERPRETS AS AN ORCHESTRATED U.S. ATTACK ON THE CAP. HE APPARENTLY FEELS THAT U.S. HAS HAD MUCH THE BETTER OF THE PROCEDURAL SKIRMISHES SO FAR. ("UNLESS WE STATE OUR POSITION STRONGLY, IT IS ALWAYS YOURS WHICH SEEMS TO GET ACCEPTED.", ABBOTT SAID.) IN PARTICULAR, THEY BELIEVE THE COMPROMISE ON QR'S WAS A DEFEAT FOR THE EC BECAUSE IT PERMITS U.S. TO TALK ABOUT AGRICULTURE UNDER QR SUB-GROUP PROCEDURES WITH THOSE COUNTRIES WILLING TO DO SO. THIS SHOULD NEVER HAVE BEEN ALLOWED TO HAPPEN, ACCORDING TO EC HARDLINERS. FURTHER EC IS CONVINCED THE U.S. IS DISAVOWING THE DECEMBER AGREEMENT ON "OTHER" AGRICULTURAL PRODUCTS, POINTING TO LATE FILING OF OTHER PRODUCT NOTIFICATIONS AND LIMITATIONS OF THE NOTIFICATIONS TO QR'S AS EVIDENCE OF U.S. BAD FAITH. THEY FULLY EXPECT U.S. TO PURSUE OTHER MEASURES ON AGRICULTURAL PRODUCTS IN FUNCTIONAL GROUPS AND NOT UNDER "OTHER PRODUCT" PROCEDURES OF GROUP AGRICULTURE. FEELING OUTMANEUVERED BY U.S. ON AGRICULTURAL PROCEDURES, LUYTEN APPARENTLY HAS CONCLUDED THAT THE BEST WAY FOR EC TO RECOUP IS TO HAVE A GROUP AGRICULTURE MEETING AT WHICH IT CAN RESTATE ITS UNVARNISHED VIEWS ON THE EXCLUSIVITY OF GROUP AGRICULTURE. AT THE SAME TIME, THOUGH, IT HESITATES TO DO SO LEST IT BE TAGGED WITH RESPONSIBILITY FOR CONVENING A MEETING WHICH PRODUCES A PREDICTABLE BLOW-UP AND A DEEPENED U.S.-E.C. IMPASSE.

10. WHERE DO WE GO FROM HERE? DESPITE MY UNEASINESS ABOUT POSSIBLE ESCALATION OF U.S.-E.C. TENSIONS OVER THESE TEDIOUS PROCEDURAL ISSUES, I THINK WE CAN AFFORD TO SIT TIGHT FOR A WHILE. THE BALL IS STILL IN EC COURT IN MY OPINION SINCE: (A) EC CLAIMS IT NEEDS A MEETING OF GROUP AG TO REGULARIZE VARIOUS THINGS; (B) WE HAVE TOLD EC WE ARE NOT OPPOSED TO A MEETING OF GROUP AG PROVIDED WE HAVE AN ADVANCE UNDERSTANDING OF WHAT IS TO TRANSPIRE THERE; (C) WE HAVE HAD TWO SESSIONS TO TRY TO FIND OUT LIMITED OFFICIAL USE

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WHAT EC WANTS BUT EC HAS BEEN UNABLE OR UNWILLING TO FORMULATE EVEN A MODERATELY CONVINCING AGENDA; AND (D) EC SEEMS TO BE IN NO HURRY. FURTHER GROUP AGRICULTURE CHAIRMAN PATTERSON OFF FOR 2 WEEK TRIP AND HAS LEFT INSTRUCTIONS THAT NO DECISIONS ON GROUP AGRICULTURE MEETING TO BE MADE UNTIL HE RETURNS. THEREFORE, WE SHALL CONTINUE TO BE AVAILABLE FOR DISCUSSION WITH EC, POSITIVE ON POSSIBILITY FOR MEETING ONCE AGENDA AGREED AND WILLING TO KICK AROUND LANGUAGE THAT EC MIGHT FURNISH - ALL FOR THE PURPOSE OF KEEPING THE BALL IN THE AIR AND AVOIDING BOTH A MEETING (AT LEAST FOR

NOW) AND THE ONUS FOR BLOCKING A MEETING.WALKER

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## Message Attributes

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**Copy:** SINGLE  
**Draft Date:** 23 SEP 1976  
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**Original Handling Restrictions:** n/a  
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